

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

TRAVELERS CASUALTY AND SURETY COMPANY)
OF AMERICA, as subrogee and assignee of)
Alpine Bank,)
Plaintiff,)
v.) No.
IGNITION STUDIO, INC.,) JURY TRIAL DEMANDED
Defendant.)

COMPLAINT

Plaintiff, Travelers Casualty and Surety Company of America, individually and as subrogee of Alpine Bank, by its attorneys, Mark E. Wilson and FisherBroyles, LLP, for its complaint against Defendant, Ignition Studio, Inc., states as follows:

INTRODUCTION

1. Travelers Casualty and Surety Company of America brings this action to recover for Defendant's professional negligence and breach of contract.

2. Defendant holds itself out as a professional designer and servicer of websites. Alpine Bank, Travelers' insured, hired Defendant to design and service the bank's website with the expectation that Defendant would exercise professional competence to protect the highly personal and private information of the bank's customers. Defendant negligently allowed one or more hackers to access Alpine Bank's website through lax Internet security on the server where the website was hosted. Because of Defendant's negligence, Alpine Bank had to expend substantial funds to comply with data breach notification obligations. Alpine Bank made an insurance claim to Travelers for these losses, which Travelers paid. Defendant is liable to

Travelers, as assignee and subrogee of Alpine Bank, for the bank's losses in excess of \$154,711.34.

PARTIES, JURISDICTION AND VENUE

3. Plaintiff Travelers Casualty and Surety Company of America (öTravelersö), is a Connecticut corporation with its principal place of business in Connecticut.

4. Defendant Ignition Studios, Inc. (öDefendantö) is an Illinois corporation with its principal place of business in Illinois.

5. The Court has subject-matter jurisdiction under 12 U.S.C. § 1332 because the parties are citizens of different states and the amount in controversy exceeds \$75,000, exclusive of interest and costs.

6. Venue is proper in this district because a substantial part of the events or omissions giving rise to the claim occurred in this judicial district. 28 U.S.C. §§ 1391(b)(1) & (2), (c)(2) & (d).

ALLEGATIONS COMMON TO ALL COUNTS

7. At all relevant times, Defendant was in the business of designing, maintaining and servicing websites for access over the Internet.

8. Travelersøinsured, Alpine Bank, engaged Defendant to design, maintain and service a website for the bank. Defendant agreed to perform these services for the bank for a fee.

9. Defendant made several errors with regard to its maintenance and servicing work for the website, including but not limited to:

- Maintaining a substandard condition of the hosted environment inappropriate for a bank website;

- Not placing basic anti-malware software on the server;
- Not installing critical software patches for ColdFusion (a software program running on the server);
- Not disabling one or more websites of other customers running on the same server; and
- Maintaining inadequate encryption of bank customer data.

10. Directly because of Defendant's substandard work in servicing the website, hackers obtained illegal access to the site.

11. The hackers' illegal access caused Alpine Bank to expend significant funds to notify bank customers of the unauthorized access to their private information and to take other steps as required by privacy laws.

12. Travelers insured Alpine Bank under a policy of insurance. Alpine Bank submitted a claim to Travelers for these losses, and Travelers paid the claim. Alpine Bank assigned rights to seek recovery of these losses to Travelers.

COUNT I

Professional Negligence

13. Travelers incorporates Paragraphs 1 through 12 by reference as if fully set forth herein.

14. Defendant engages in the business of maintaining and servicing websites, which is a business that must be performed by professionals with specialized training and/or knowledge.

15. Alpine Bank hired Defendant to engage in professional website maintenance and servicing work.

16. Defendant owed Alpine Bank a duty of professional care in performing the website maintenance and serving work that Defendant was engaged to perform.
17. Defendant breached its duty of care owed to Alpine Bank.
18. Defendant's breach of duty proximately caused Alpine Bank to suffer damages.

COUNT II

Breach of Contract

19. Travelers incorporates Paragraphs 1 through 12 by reference as if fully set forth herein.
20. Defendant offered, and Alpine Bank accepted Defendant's offer, to perform website maintenance and servicing work.
21. It was an implied term in the agreement between the parties that Defendant would perform the website maintenance and servicing work reasonably and within the standard of care applicable to companies engaging in the business of maintaining and servicing websites for banks.
22. Alpine Bank paid Defendant fees for the website maintenance and servicing work that Defendant had agreed to perform, and performed all conditions precedent in the agreement with Defendant.
23. Defendant breached the agreement with Alpine Bank by performing website maintenance and servicing work that was substandard and not within the applicable standard of care.
24. Defendant's breach of contract caused Alpine Bank to suffer damages.

WHEREFORE, Plaintiff, Travelers Casualty and Surety Company of America, as assignee and subrogee of Alpine Bank, seeks judgment in its favor and against Defendant,

Ignition Studio, Inc., in an amount in excess of \$154,711.34, plus interest, costs, attorneys' fees, expenses, and such further relief as the Court deems just.

TRAVELERS CASUALTY AND SURETY
COMPANY OF AMERICA

By: /s/ Mark E. Wilson
One of Its Attorneys

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